

AGENDA



Monday, September 10, 2007

Budget
RECOMMENDATION FOR COUNCIL ACTION

Item No. 13

Subject: Approve a resolution declaring the City's official intent to reimburse itself from the proceeds of tax-exempt obligations in an aggregate maximum principle amount of \$230,000,000 for expenditures related to acquisition and construction of Fiscal Year 2007-2008 Austin Water Utility Capital Improvement Projects.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Greg Canally, Budget Officer, 974-2609

This declaration of intent resolution is submitted in accordance with Treasury Regulations. The Austin Water Utility requests approval of this resolution declaring the City's official intent to reimburse acquisition and construction costs of the FY 2007-2008 Capital Improvement Projects. The Austin Water Utility reasonably expects to incur debt as one or more series of obligations through October 2008, with an aggregate maximum principal amount equal to \$230,000,000 for the purpose of paying for costs incurred from October 1, 2007 through October 31, 2008, which are associated with Austin Water Utility Capital Improvement Projects. All costs to be reimbursed will be capital expenditures within the meaning of Section 1.103-18(c)(2)iii of the Treasury Regulations.

A city must have budgeted for and provided a source of funds in order to enter into a contract. For the City to spend money today, but reimburse itself from the issuance of debt obligations in the future, a reimbursement resolution is required by state and federal law. The resolution must contain certain information required by bond counsel to protect the tax-exempt status of the future issuance. The resolution must be passed not more than 60 days after the date that the cost to be reimbursed is paid. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of subsequently issued tax exempt obligations. Reimbursement bonds generally must be issued no later than 18 months after the later of: the date the expenditure was made, or the date that the project, with respect to which the expenditure was made, is placed in service.